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DIV. OF OIL, GAS & MINING

State of Utah
Division of Oil Gas and Mining
Mr. Paul Baker

Dear Paul:

In response to your request for more information regarding the operation and ownership of the Wembco Tar sand mine (known as Tract D) on Highway 121 in Uintah County, I offer the following.

In the 60's the site was opened explored and the Department of Energy did some work including opening a mine at the site. They also did in-situ work for oil extraction. I believe this was in connection with the University of Wyoming. It was called the Laramie Project. This didn't prove to be successful and they abandoned the site.

In 1998 we were purchasing tar sand from Wembco at their Tract A mine in Uintah County. In July of that year we could no longer purchase material at that site as Crown Asphalt had taken over operation of Tract A.

Jim and Kathy Barnes of Wembco offered to open the Tract D site and sell to us. They entered into an agreement with Uintah County to open the site and we began purchasing material from them. (See enclosed copy of our agreement to purchase material, also a copy of the county agreement.) I (Larry Allred) agreed to mine the material once it was open and provide material to Allred Paving and Wembco's other customers, including Pacific Asphalt and Standard American Oil. (Standard American Oil Co. is the company that owns the building and bags the material as a patch product.)

Allred Paving buys the mined material at the floor of the mine (see agreement) and makes asphalt from it. As you are aware we have a hot plant on site to make asphalt. We also do re-cycling of old asphalt and it is stacked on site.

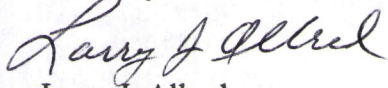
The only area associated with the mine itself is the hole where the actual tar sand has been taken and the overburden to the north. Just west of the mine is an area where we buy fill dirt from Wembco as a sand and gravel operation. This is the area north of the building and the un-used hot plant.

We only take about 1000 to 2000 tons a year from the site but the dip of the vein has been very steep and has required a great deal of overburden removal.

As you can see there are actually four different operations going on at the site, only one of which is related to the mining of tar sand. We would very much like to keep the small mine status as the scope of the mine and the amount of material processed does not justify the cost of being classified as large mine. I would hope the information given here will help you to re-think your position as to what area you call the mine area. Perhaps this winter we can work with our dozer and do some leveling of the areas to the west that were disturbed in the past (as part of exploration for the vein I suppose).

I sincerely appreciate your interest and help in this matter. Please let's keep a dialog going.

Sincerely



Larry J. Allred